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United Kingdom

Asparagus

Annual Report

2004

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Report Highlights:
UK asparagus production for the marketing year beginning January 2004 is forecast at 1,800 MT. Although improved varieties and technology may extend the UK growing season in the future, the UK is reliant on imports to meet year round demand. Peru and Spain are the preferred suppliers to the UK, with the U.S. exporting just 477 MT of asparagus to the UK in MY2003.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
London [UK1]
[UK]

Table of Contents

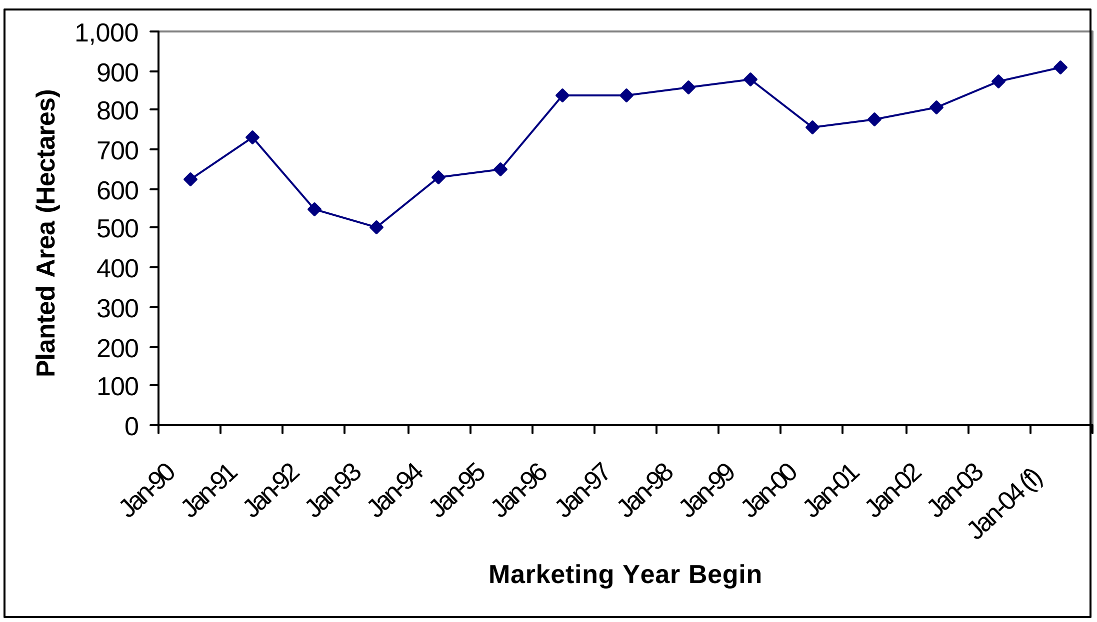
PS&D Table

Country	United Kingdom						
Commodity	Asparagus, Fresh				(HA)(MT)		
	2001	Revised	2002	Estimate	2003	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2002		01/2003		01/2004	MM/ YYYY
Area Planted	856	806	870	874	0	910	(HA)
Area Harvested	856	806	870	874	0	910	(HA)
TOTAL Production	1800	1673	1925	1847	0	1900	(MT)
Imports, Fresh	5699	5699	5625	6131	0	6550	(MT)
TOTAL SUPPLY	7499	7372	7550	7978	0	8450	(MT)
Exports, Fresh	54	54	50	138	0	100	(MT)
Domestic Fresh Market	7445	7318	7500	7840	0	8350	(MT)
For Processing	0	0	0	0	0	0	(MT)
TOTAL UTILIZATION	7499	7372	7550	7978	0	8450	(MT)

Production

UK fresh asparagus production for Marketing Year (MY) 2004 is forecast at 1,900 MT. This represents a small increase on the production levels recorded in MY2003. Domestic production is being driven by the long-term growth of the planted area of asparagus, as illustrated in the chart below. The current crop represents the fourth successive year on year increase in planted area.

Chart 1: Planted Area of Asparagus in the UK MY1990 - MY 2004 (forecast)



Source: Department for Environment, Food and Rural Affairs (Defra)

The PS&D table contains revisions to area and production data for MY2002 and MY2003. This follows the publication of updated information from Defra and is based on the latest Agricultural and Horticultural Census for the UK.

The major asparagus growing areas are Norfolk, Suffolk, Cambridgeshire and Lincolnshire in the East, Essex and Kent in the South East and the Vale of Evesham in Central England. UK commercial production is monopolized by green varieties; purple and white varieties have been trialed in the past with little success. European varietals dominate in the UK, accounting for approximately 90 percent of UK asparagus.

Traditionally, the UK asparagus season lasts eight weeks and harvesting is typically complete by mid/late June. However, the increasing use of technology could help to extend the season. Use of plastic covers means that beds which are only two years old can come into production in early April. Growers utilizing plastic tunnels have also observed improved quality and less variation in crops. In mainland Europe, the use of plastic tunnels is reported to have boosted asparagus yields. In addition, the adoption of new varieties could further extend the UK asparagus season. With new asparagus area set to come online, the domestic industry is expected to grow steadily. Although the industry have identified the potential for import substitution, the growth in demand for asparagus is unlikely to yield any significant reduction in import reliance.

Although the asparagus area is increasing, the UK asparagus industry remains on a small scale when compared globally. According to FAO data, the UK does not feature in the leading 20 producers of asparagus in terms of either area or production. Total UK production in MY2003 equated to less than 1 percent of the Peruvian crop and less than 1.5 percent of the U.S. asparagus harvest.

Consumption

With both domestic production and imports on an upward trend, there is a belief among the industry that asparagus is no longer a minority vegetable. The retail value of the sector is estimated at some £49m (US$ 88m). Domestic asparagus accounts for just over one third of this sales value, reflecting the premium price that it typically commands over imported varieties.

There is still huge potential for further expansion even though the market for fresh asparagus has grown over recent years. Market penetration remains low, with only 11 percent of consumers buying asparagus regularly. Although it may no longer be described as a minority vegetable, there is certainly the consumer perception that asparagus is a luxury vegetable. That said, distribution is now widespread, with in excess of 80 percent of sales occurring through the supermarket sector. Consumers may still regard asparagus as a luxury, but it is certainly not an exclusive product and is likely to be obtainable in most supermarkets.

Asparagus is increasingly likely to be pre-packaged in supermarkets and loose bundles of asparagus are being replaced by enhanced packaging variants. This allows for the effective communication of preparation instructions and recipe ideas, which are regularly seen as barriers to purchase. Indeed, consumer surveys reveal that asparagus is also used more widely, in dishes such as risotto, pasta and stir fries.

The consumer view of asparagus as a luxury vegetable has undoubtedly been shaped by its popularity with upscale foodservice outlets, where it still remains a favorite. The tendency in the foodservice sector is to utilize longer shoots with a wide diameter. This is in contrast to the retail trade, where the preference is for shorter and narrower asparagus. With the majority of the asparagus from Peru and Spain fitting these criteria, the widely held belief is that the majority of U.S. asparagus is used by the foodservice sector.

Trade

The UK is reliant on imports to meet the year round demand for asparagus. Imports in MY2003 increased by 8 percent compared to the volumes imported in MY2002. Indicative of the longer term growth in demand for asparagus is the fact that import volumes in MY2003 were almost double what they were in the late 1990s. UK companies continue to develop strategic alliances with key overseas suppliers to guarantee year round availability. As a result of growing demand and an increasingly efficient supply chain, import volumes are again forecast to increase in MY2004.

Peru displaced Spain as the leading supplier of asparagus to the UK in MY2003 and initial trade data indicates that Peru will strengthen this position through MY2004. Peruvian asparagus accounted for 48 percent of UK imports in MY2003, compared to 35 percent in the previous year. By contrast, the import share of Spanish asparagus fell from 39 percent in MY2002 to 23 percent in the most recent marketing year. The majority of Spanish asparagus imports occur between February and July. Peruvian supplies then dominate the market from July until late winter.

In comparison, volume and value of shipments from the U.S. have remained relatively constant over the last 3 marketing seasons, despite the upward trend in import volumes. The current U.S. share of UK asparagus imports is relatively small (approximately 8 percent) and the total value of shipments is approximately US$ 1million. With the additional punitive duties currently placed on U.S. asparagus (see Policy section), a reduction in the volumes shipped to the UK market is anticipated.

There was a dramatic increase in UK exports of asparagus in MY2003, recording year-on-year growth of over 150 percent. However, this was from a base of just 54 MT and the UK typically exports minimal volumes of asparagus, primarily to Ireland.

Import Matrix

Country	United Kingdom		
Commodity	Asparagus, Fresh		
Time Period	Jan-Dec	Units:	MT
Imports for:	2002		**2003**
U.S.	448	U.S.	477
Others		Others	
Spain	2233	Peru	2959
Peru	1995	Spain	1422
Thailand	288	South Africa	319
France	207	Thailand	283
Netherlands	123	Germany	158
Italy	91	Netherlands	134
South Africa	90	France	104
Chile	60	Italy	45
Germany	48	Guatemala	33
Hungary	43	Dominican Republic	32
Total for Others	5178		5489
Others not Listed	73		165
Grand Total	5699		6131

Export Matrix

Country	United Kingdom		
Commodity	Asparagus, Fresh		
Time Period	Jan-Dec	Units:	MT
Exports for:	2002		**2003**
U.S.	0	U.S.	0
Others		Others	
Ireland	43	Ireland	63
France	7	Kenya	41
Netherlands	3	Spain	32
Iran	1	Iran	1
		France	1
Total for Others	54		138
Others not Listed	0		0
Grand Total	54		138

Policy

All product marketed in the UK is subject to compliance with EU quality standards, pesticide and plant health legislation. Full details of the marketing standards for asparagus are available from the UK's Department of Environment, Food and Rural Affairs website: http://www.defra.gov.uk/hort/hmi/common/pdf_msanx/x_asparagus.pdf

U.S. asparagus normally faces an import duty of 10.2 percent. However, asparagus is one of the many food and agricultural products currently faced with additional import duties as a result of the Foreign Sales Corporations (FSC) dispute between the U.S. and the European Union. Following a WTO ruling on the FSC dispute, the EU was entitled to introduce trade sanctions up to the value of US$ 4 billion. Retaliatory measures against the U.S. were introduced on March 1, 2004. These measures started with an additional import duty of 5 percent on March 1, followed by automatic monthly increases of 1 percent up to a ceiling of 17 percent (to be reached on 1 March 2005) if the current FSC legislation has not been repealed.

As yet, the FSC legislation has not been repealed. At the time of writing, U.S. asparagus faces an additional tariff of 8 percent, on top of the existing 10.2 percent. The current thoughts of traders are that the current duty increases are not translating into higher prices at markets, largely given the favorable exchange rates today compared to a year or more ago. However, the prospect of increasing additional duty in the months ahead is a concern and could impact on the volumes of U.S. asparagus entering the UK market.

Marketing

Although asparagus is now available all year round, the UK trade does conduct marketing activities to promote the availability of British asparagus in supermarket outlets. The UK Asparagus Growers' Association (AGA) has long been involved in marking the British asparagus season with a range of PR activity to help generate awareness of availability and product attributes among the fresh produce trade. Six companies that grow, market and distribute British asparagus promoted the latest marketing campaign, which includes endorsements from top celebrity chefs and an emphasis on the health benefits of asparagus.